

COMMONWEALTH OF PENNSYLVANIA



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August 26, 2010

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

RE: Pennsylvania Public Utility Commission
v.
PPL Electric Utilities Corporation
Base Rate Proceeding
Docket No. R-2010-2161694

Secretary Chiavetta:

Enclosed for filing please find the Office of Consumer Advocate's Statement in Support of Partial Settlement, in the above-referenced proceeding.

Copies have been served as shown on the Certificate of Service.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Darryl A. Lawrence".

Darryl A. Lawrence
Assistant Consumer Advocate
PA Attorney I.D. # 93682

Enclosures

cc: Hon. Susan D. Colwell/ALJ
Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission,	:	
	:	
v.	:	Docket No. R-2010-2161694
	:	
PPL Electric Utilities Corporation	:	

STATEMENT IN SUPPORT OF PARTIAL
SETTLEMENT ON BEHALF OF THE
OFFICE OF CONSUMER ADVOCATE

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Partial Settlement (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the following reasons:

I. INTRODUCTION

On March 31, 2010, PPL Electric Utilities Corporation (PPL or the Company) filed Supplement No. 83 to Tariff Electric - Pa. P.U.C. No. 201 (Supplement No. 54) to become effective June 1, 2010, seeking Commission approval of rates and rate changes that would modify existing tariff provisions and increase the level of rates that PPL charges for providing electric distribution service to its customers. If Supplement No. 83 had become effective as proposed, the Company would have had an opportunity to recover an estimated annual increase in operating revenues of \$114.7 million, an approximate increase of 17.1% over the Company's present distribution rates. PPL serves more than 1.4 million residential, commercial and industrial customers in over twenty-nine counties throughout Pennsylvania.

On April 26, 2010, the OCA filed a Complaint against the proposed rate increase. Numerous other parties filed Petitions to Intervene or Complaints against the proposed rate increase, including: the Office of Trial Staff (OTS), the Office of Small Business Advocate (OSBA), the PPL Industrial Customer Alliance (PPLICA), the International Brotherhood of Electrical Workers Local 1600 (IBEW), the Commission on Economic Opportunity (CEO), Mr. Eric Epstein, Richards Energy Group (REG), the Sustainable Energy Fund (SEF), Citizens for Pennsylvania's Future (PennFuture), Dominion Retail, Inc. and the Retail Energy Supply Association (RESA).

The Commission suspended the Company's proposed tariff supplement pending investigation and provided a list of questions in its suspension order that the parties were to investigate and answer during the course of this case. The proceeding was assigned to the Office of Administrative Law Judge and specifically assigned to Administrative Law Judge Susan D. Colwell (ALJ Colwell). On May 26, 2010, ALJ Colwell held an initial prehearing conference in this matter. Subsequently, ALJ Colwell issued a prehearing order establishing a procedural schedule and also setting forth certain modifications to the Commission's regulations regarding discovery matters.

On June 29, 2010, the OCA submitted the Direct testimony of: Lafayette Morgan, OCA Statement No. 1 and OCA Statement No. 1 in Proprietary version; Stephen Hill, OCA Statement No. 2; Glenn A. Watkins, OCA Statement No. 3 and Roger D. Colton, OCA Statement No. 4. On July 27, 2010, the OCA submitted the Rebuttal testimony of Glenn A. Watkins, OCA Statement No. 3-R. On August 5, 2010, the OCA submitted the Surrebuttal testimony of: Lafayette Morgan, OCA Statement No. 1-S; Stephen Hill, OCA Statement No. 2-S; Glenn A. Watkins, OCA Statement No. 3-S and Roger D. Colton, OCA Statement No. 4-S.

All parties in this matter agreed to stipulate admission of the OCA statements, as identified herein into the record without the need for cross-examination. Tr. at 462-466.

Pursuant to the Commission's policy of encouraging settlements that are in the public interest, the parties to this proceeding engaged in numerous discussions as to the possibility of reaching a settlement on all or at least part of the issues raised in this rate proceeding. These discussions resulted in this proposed, partial Settlement. Issues that were not part of the Settlement, and were specifically reserved for litigation will be addressed as needed in the OCA's Main Brief in this matter. In this document, the OCA will address those Settlement provisions that pertain to issues that the OCA raised and investigated during this case. The OCA expects that the other parties will address those provisions of the Settlement that directly address their concerns.

In addition, the Commission's May 20, 2010 Suspension Order in this proceeding provided a list of questions that the Commission sought to have the parties investigate and answer during the course of this case. ALJ Colwell's Scheduling Order directed the parties to indicate at the start of each new section in their briefs which Commission questions were being addressed therein. The OCA will include and briefly discuss those Commission questions that directly pertain to OCA settlement issues in this Statement in Support. The balance of the Commission questions that directly pertain to OCA issues that have been reserved for litigation will be listed and discussed in the OCA's Main Brief in this matter.

II. SETTLEMENT PROVISIONS

- A. Revenue Requirement (Settlement Paragraphs 21-24),
(Commission Questions 1, 2 and 13 are Addressed by the Joint Petition at Paragraphs 21 and 22, as Discussed Herein).

1. Rate Increase.

As to the amount of revenue increase, in relevant part the Settlement provides the following:

21. PPL Electric will be permitted to submit a revised supplement to PPL Electric's Tariff – Electric Pa. P.U.C. No. 201 designed to produce an annual distribution rate revenue increase of approximately \$77.5 million, to become effective for service rendered on and after January 1, 2011. This increase in annual operating revenue is in lieu of the requested increase of approximately \$114.7 million.

The proposed Settlement provides for an overall distribution base rate increase of \$77.5 million, about \$37.2 million less than the rate increase amount originally requested by PPL Electric of \$114.7 million. This rate increase reflects an increase in distribution revenues of approximately 11.6% as compared to the Company's original request of a 17.1% increase in distribution revenues. Even if the Joint Settlement is approved sooner, its terms provide that the increase would not go into effect before January 1, 2011.

The Commission provided the following questions as to the issue of revenue requirement:

1. PPL's test year revenue and expense claims must be closely examined to determine their accuracy and the extent to which they support the requested revenue increase.
2. The level of capital investment appearing in PPL's rate base claim must be closely reviewed to ensure that it was prudently made, and that any utility plant acquired is necessary, used and useful to the provision of electric distribution service.

OCA witness Lafayette Morgan thoroughly reviewed PPL's claimed revenue and expense items and its claimed level of rate base in this proceeding. Mr. Morgan's Direct testimony discussed, analyzed and provided numerous adjustments to PPL's filed claims. Although these proposed adjustments have been subsumed within the Settlement, Mr. Morgan's review and examination of the Company's filed claims enabled the OCA to effectively work

with the Company and the other parties in arriving at a level of revenue increase that was appropriate for purposes of settlement.

In order to provide further clarification to the implementation of the proposed revenue increase, the Settlement provides the following:

22. The settlement as to revenue requirement shall be a “black box” settlement, except for the following items: (a) the settlement rates include PPL Electric’s proposed storm insurance premiums; (b) the settlement rates include the Company’s claim for Company Use generation supply; (c) the settlement rates reflect the adoption of the tax accounting method provided for in Regulation Section 1.162-4 of the Internal Revenue Service regarding repair allowance as explained in Mr. Kleha’s testimonies; and (d) the settlement rates include \$5.09 million of customer education costs discussed in Mr. Krall’s rebuttal testimony and do not reflect the \$39,000 of education and marketing for the Company’s time-of-use rates identified in SEF’s testimony.

OCA witness Morgan discussed the Company’s claim for storm insurance premiums in his Direct testimony. OCA St. 1 at 15-17. The Settlement provision here that includes PPL’s storm insurance premiums within the revenue requirement agreed to in the Settlement is a reasonable resolution of this issue as raised by the OCA and will ensure that ratepayers receive the benefit of the storm insurance as part of the proposed revenue requirement in this proceeding.

The Commission provided the following question as to the issue of PPL’s claimed customer education costs:

13. PPL’s proposed customer education and energy efficiency programs must be carefully examined to ensure they are not already included in the Company’s Act 129 energy efficiency and conservation plan budget, and are not already being recovered through the Company’s Act 129 Compliance Rider. To the extent that any of these programs and associated expense claims are not included in the Company’s Act 129 plan, they should be reviewed in this proceeding to determine whether or not they are just and reasonable.

OCA witness Morgan reviewed the Company's claimed customer education expenses and proposed numerous adjustments to those claimed expenses in his Direct testimony. OCA St. 1 at 10-13. The inclusion of a portion of those costs within the revenue increase provided for in the Settlement is a fair and reasonable resolution of this issue and is in the best interest of the public.

Based on OCA's analysis of the Company's filing and discovery responses received, the rate increase under the proposed Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of the case. The increase is appropriate and, when accompanied by other important conditions contained in the Settlement, yields a result that is just and reasonable.

2. Smart Meter Surcharge (Settlement Paragraph 23).

The Company's filing proposed a 10.75% common equity cost rate for its smart meter surcharge. In relevant part, the Settlement provides the following as to the proposed resolution of the Smart Meter Surcharge issue:

23. In order to meet the Commission's smart meter surcharge requirements in *Petition of PPL Electric Utilities Corporation for Approval of Smart Meter Technology Procurement and Installation Plan*, Order entered on June 24, 2010 at Docket No. M-2009-2123945, and for that purpose only, PPL Electric will use a 10.0% common equity cost rate and the capital structure proposed by PPL Electric in this proceeding.

The OCA submits that the use of a 10.0% common equity cost rate for the smart meter surcharge is a reasonable resolution of this issue. The lower return on common equity than what was originally proposed by PPL will benefit ratepayers through lower surcharge costs and thus is in the public interest.

3. Internal Revenue Service Accounting Change (Settlement Paragraph 24).

In his Direct testimony, OCA witness Morgan raised the issue of a potential accounting change that PPL could adopt in order to receive certain tax-related savings. OCA St. 1 at 20-22. In relevant part, Mr. Morgan provided the following explanation:

The United States Department of Treasury has proposed changes that would affect Section 1.263(a)-0 through Section 1.263 (a)-3(h)(2) of Treasury Regulations relating to the capitalization of certain repairs and replacements of plant property. The proposed regulations center on the “unit of property” concept. Being considered a unit of property is the determining factor for whether project expenditures are capitalized or expensed. Essentially, the proposed regulations would change the unit of property concept in such a way as to make it possible to expense certain costs for tax purposes that, under current regulations, would have to be capitalized.

OCA St. 1 at 20. Mr. Morgan went on to testify that the Commission should ensure that when PPL adopted this accounting change that any benefits received would be passed through to ratepayers. OCA St. 1 at 22.

As to the issue of a possible accounting change for tax purposes, the Settlement provides the following:

24. PPL Electric agrees that, if it adopts the tax accounting treatment regarding repair allowances that may be authorized by Regulation Section 1.263 of the regulations of the Internal Revenue Code, PPL Electric will implement for Regulation Section 1.263 the same ratemaking procedures that it has implemented for Regulation Section 1.162-4 of the regulations of the Internal Revenue Code under which additional tax benefits are recorded as deferred income taxes, the unamortized balances of which will be deducted from rate base in future base rate proceedings, unless the Commission directs otherwise.

This Settlement provision directly addresses and resolves the concern expressed by OCA witness Morgan on this issue. PPL adopted one form of this accounting treatment, but this Settlement provision would provide an incremental benefit in that, under this provision the additional tax benefit, if received, will be preserved through deferred income taxes and used to

partially mitigate future rate increases. Accordingly, the OCA submits that the Settlement proposes a reasonable resolution of this issue that is in the best interest of the public.

B. Residential Rate Design Issues (Settlement Paragraphs 25 and 26).
(Commission Questions 4, 5, 6 and 10 are Addressed by the Joint Petition at Paragraphs 25 and 26, as Discussed Herein).

1. Rate RTS.

OCA witness Glenn Watkins discussed the Company's proposal regarding the level of any revenue increase to the Residential Thermal Storage (RTS) class in his Direct testimony. OCA St. 3 at 36-38. Specifically, Mr. Watkins testified:

PPL proposes to increase RTS distribution revenues by 41.7% which is about double (200%) the proposed revenue increase for RS. To accomplish this objective, and the move to a more unified Residential rate structure, PPL proposes to reduce the current RTS customer charge of \$18.06 to the same proposed level as RS of \$15.38.

OCA St. 3 at 37. Mr. Watkins, however, made the following recommendations for the RTS class:

I recommend that the increase to RTS revenues be limited to no more than 150% the percentage increase of the entire Residential class.

...

In the interest of gradualism and rate continuity, I recommend the current RTS customer charge be maintained at the current level of \$18.06.

OCA St. 3 at 37-38.

The Commission provided the following question as to the issue of revenue allocation for rate schedule RTS:

4. PPL's methodology for determining the appropriate revenue allocation as between its Rate Schedule RTS customers and its Rate Schedule RS customers must be carefully examined to determine whether or not it is just and reasonable.

As to the issue of customer charges for the RTS class, and the level of any rate increase to the RTS class the Settlement provides the following:

25. The proposal of the Office of Consumer Advocate regarding Rate Schedule RTS is accepted. The present customer charge will remain in effect, and the revenue increase to Rate Schedule RTS will be limited to 150 percent of the percentage increase to the entire Residential class. Any revenue shortfall resulting from application of this provision will be recovered from customers served under Rate Schedule RS.

This Settlement provision directly addresses the concerns expressed by Mr. Watkins, after having thoroughly reviewed and analyzed the Company's cost of service studies (COSS) and after having reviewed PPL's proposals for the RTS class customer charge and revenue allocation. The OCA submits that the adoption of Mr. Watkins' recommendations for the RTS class in the Settlement is a reasonable resolution of this issue and is in the public interest.

2. Rate RS and Rate RTD Customer Charge and Kwh Charge.

In his Direct testimony, Mr. Watkins explained that PPL proposed to increase the customer charge for rate RS and rate RTD from \$8.44 to \$15.38. OCA St. 3 at 31-32. After a thorough review and analysis of the Company's customer cost analysis, and after performing his own Direct Customer Cost Analysis, Mr. Watkins recommended the following as to the customer charge for Residential customers:

Although my customer cost analysis indicates that a substantial decrease is warranted in PPL's Residential customer charges, given the likely increase to be authorized in this case, I recommend that the current rate of \$8.44 be maintained for rates RS and RTD.

OCA St. 3 at 35.

Mr. Watkins also described PPL's proposed elimination of its declining block energy charges for the Residential class, as follows:

Currently, PPL has three different Residential distribution rates: Residential Service (RS); Residential Thermal Storage (RTS); and, Residential Time-of-Day (RTD). All three rate schedules have a fixed monthly customer charge along with volumetric (KWH) energy charges. Two of the rate schedules (RS and RTD) currently have a three-tiered declining block energy rate while Rate RTS has a flat (constant) energy charge per KWH. In addition to increases in the rates, PPL proposes to replace its three-tiered declining block energy charge for rates RS and RTD with a flat per KWH rate.

OCA St. 3 at 30. In addition, Mr. Watkins testified as to whether he agreed with PPL's proposal to move from declining block energy charges to a flat energy rate, as follows:

Yes. This change eliminates the promotional aspect of PPL's pricing structures and is a move in the right direction in providing a proper pricing signal to promote the efficient utilization of electricity and conservation of natural resources. In assessing the movement to a flat energy charge per KWH, I carefully evaluated customer impacts at various usage levels in conjunction with my recommendation of no increase in the customer charge.

OCA St. 3 at 35.

The Commission provided the following questions in regards to PPL's proposed rate structure and design changes:

5. PPL's proposal to redesign its rate structure to recover most of its revenue requirement through customer and demand charges, and less through kWh usage charges, must be carefully examined to determine whether or not it is just and reasonable.

6. PPL's proposal to eliminate its declining block rate structure must be carefully reviewed to determine whether or not it is just and reasonable.

10. The cost allocation methodologies utilized in PPL's class cost-of-service study must be thoroughly scrutinized to determine whether or not they support the Company's proposed rate design changes.

As to the issue of customer charges for the RS class, and the design of volumetric charges to be applied against energy usage the Settlement provides the following:

26. The RS customer charge will be \$8.75 per month. The Universal Service Rider charge will be removed from the customer charge and recovered through energy charges. There will be a flat energy rate.

The OCA submits that substantially lowering the proposed customer charge and recovering the remaining revenue through the flat kilowatt-hour charge will significantly benefit residential customers. The customer charge will recover direct customer costs while the kilowatt-hour charge can provide necessary signals to customers regarding conservation, a benefit that is not realized through high fixed customer charges.¹

The OCA submits that the residential rate design established through the Settlement is reasonable and consistent with sound ratemaking principles. These rate design changes result in rates that are below the rates originally proposed by the Company and within the range of the likely outcomes in the event of full litigation of the case.

D. Universal Service (Settlement Paragraphs 28-31).

The OCA raised several concerns with regard to PPL's customer assistance programs. The first issue, as explained by OCA witness Roger Colton, is that the Company should make an adjustment to reflect the overcollection of bad debt expenses when new customers enter its customer assistance program (CAP) if it is allowed to pass 100% of its incremental CAP credits through its Universal Service Program surcharge (Rider USP). As Mr. Colton testified:

¹ Through discovery and informal discussions with the Company, the OCA learned that PPL's existing customer charge of \$8.44 actually contained universal service costs. Once these universal service costs were stripped out, the base customer charge was \$7.556. The Settlement provides that these universal service costs, approximately \$0.88 per customer, per month, will be moved to PPL's volumetric universal service rider. (Settlement Paragraph 26).

The Company should offset its CAP credits by an amount equal to 6.85% of the incremental CAP revenue. The “incremental” CAP revenues are those CAP billed dollars associated with the number of CAP participants above the “base” number.

OCA St. 4 at 12. Mr. Colton went on to explain that uncollectible expense associated with residential customers that are not CAP participants is recovered in base rates; however, if a customer at some point becomes a CAP customer because of appropriate changes in circumstances, the dollars not collected from the customer (*i.e.* the uncollectible expense) become the CAP credit and are collected from non-participants through the Rider USP. Accordingly, and in order to avoid double-recovery of these costs, as those dollars are added to the Rider USP, they should be correspondingly subtracted from base rates. OCA St. 4 at 12-22. Mr. Colton testified further that:

PPL should, in other words, only be allowed to recover the incremental costs imposed on the Company as a result of a customer’s participation in CAP. Some costs, particularly uncollectibles, are already reflected in base rates. To the extent that the costs associated with customers that become CAP customers are already included in base rates, they should not be included again as a separate CAP expense. Dollars of CAP credits that are already included in PPL’s uncollectible expenses are not incremental costs to the Company and should not be recovered again through the universal service surcharge.

OCA St. 4 at 19. Mr. Colton went on to recommend specific offsets and total CAP customer participation numbers that could be used in order to prevent this possible double recovery of bad debt expense. OCA St. 4 at 22-24.

The Settlement provides the following on this universal service issue:

34. PPL Electric will agree to a credit of \$50 per customer for incremental OnTrack customers above 32,500, with an annual true-up for the number of customers.

As part of the proposed Settlement, PPL agreed to implement an adjustment that will offset CAP credit amounts and pre-program arrearages by \$50 per customer applied to the number of CAP participants over 32,500 on an average annual basis. The level of CAP participants will be reset in each distribution base rate case. In this way, the Settlement addresses the OCA's concern by establishing a reasonable level of offset to avoid double recovery of bad debt expense.

The second issue as to PPL's universal service program was the way in which PPL applies federal Low-Income Home Energy Assistance Program (LIHEAP) grants to CAP accounts. As Mr. Colton testified, in 2009, the Pennsylvania Department of Public Welfare (DPW) notified various Pennsylvania utilities operating CAP programs that there would be a policy change regarding the application of LIHEAP grants against CAP shortfalls. Rather than applying the LIHEAP grant against the CAP shortfall, DPW was requiring that the LIHEAP grant be applied against the percentage of income payments (or "asked to pay" amount) charged to CAP participants. DPW stated that unless Pennsylvania utilities begin to post LIHEAP grants against the "asked to pay" amount, DPW will withdraw the vendor agreement status of those utilities. The way in which PPL implemented the DPW directive increased costs to ratepayers who do not participate in CAP. OCA St. 4 at 4-5.

In his Direct testimony, Mr. Colton recommended that PPL adopt a CAP-plus program in response to the DPW directive. Through the CAP-plus approach, PPL would add a charge to the percentage of income payment of the CAP participants to generate a revenue stream equal to the total value of LIHEAP grants applied against the asked-to-pay amounts (rather than against the CAP shortfall). Specifically, Mr. Colton testified that:

First, PPL should make clear that any change in the CAP payments, or CAP cost recovery, is contingent upon the DPW

directive being upheld as a correct application of federal law. If the federal LIHEAP office holds that DPW's directive is not required by federal law, or if DPW rescinds its policy change for any other reason, PPL should reinstate the process of using LIHEAP grants to reduce the CAP shortfall. This is by far the preferred alternative, in my view, and is consistent with the procedure used in every other state that operates a percentage income payment plan like the PPL CAP.

Second, if the Company and the Commission conclude they are, in fact, bound by DPW's interpretation, rather than simply discontinuing the application of LIHEAP grants to the CAP shortfall and charging the resulting higher shortfalls to all PPL non-participants, PPL should adopt a CAP-Plus response to the DPW directive regarding the posting of LIHEAP grants. The CAP-Plus response involves adding a charge to all CAP customers' asked-to-pay amounts, an amount that would be offset by the receipt of a LIHEAP grant. The dollars to be recovered through such a charge should be based on the total LIHEAP funds averaged over all CAP participants, not the average LIHEAP grant of CAP participants receiving LIHEAP grants.

OCA St. 4 at 11.

On this universal service issue, the Settlement provides:

36. PPL Electric agrees to adopt OCA's CAP Plus methodology and will implement the proposal no later than the 2011-2012 heating season, unless the Department of Public Welfare changes its current policy and allows PPL Electric to apply Low Income Home Energy Assistance Program grants to Customer Assistance Program credits.

Pursuant to the proposed Settlement, PPL will adopt a CAP-plus program consistent with that recommended by the OCA. This CAP-plus approach will allow PPL to comply with the DPW directive and maintain its vendor status, without passing the higher costs resulting from the DPW directive to non-participating ratepayers. The OCA also noted in testimony that if the federal LIHEAP office finds that DPW's construction of the federal statute is in error, or if DPW rescinds its policy change for any other reason, PPL should reinstate the

process of using LIHEAP grants to reduce the CAP shortfall. The Settlement adopts this position. The OCA submits that this Settlement provision is in the public interest.

III. COMMISSION DIRECTED QUESTIONS

As discussed above, the OCA has addressed each of the Commission questions in this Statement in Support that were relevant to issues that the OCA raised during this case, and that were subsequently resolved through the proposed Settlement. In its Main Brief, the OCA will address those Commission questions that pertain to issues that were reserved for litigation, and which the OCA has developed a position on through testimony and discovery in this matter. Two of the Commission questions, however, do not neatly fall into either of the above categories but do deserve mention here. The Commission posed certain questions regarding ring-fencing measures, as follows:

15. The reasonableness and effectiveness of PPL's efforts to support a bankruptcy remote organizational structure to allow subsidiaries of PPL Corporation to stand independent from PPL Corporation during a bankruptcy proceeding must be carefully reviewed.

16. The reasonableness and effectiveness of all techniques used by PPL to obtain a better credit rating from the rating companies than PPL Corporation must be carefully reviewed.

OCA witness Stephen Hill addressed the issue of ring-fencing as a general matter in his Direct testimony. OCA St. 2 at 53-54. In relevant part, Mr. Hill testified as follows:

I am familiar with the topic of ring-fencing and have authored a paper for the National Regulatory Research Institute that lists ring-fencing measures that can be employed to protect the credit quality of regulated subsidiaries when those entities are acquired by private equity owners in highly-leveraged transactions. In response to the Commission's request for information related to ring-fencing, I have attached a copy of that paper as Appendix D. The primary goals of any ring-fencing structure are to 1) prevent indiscriminate access by the parent company to utility subsidiary cash flows and 2) to insert

a director—independent from the parent—on the board of the regulated subsidiary (or on a special purpose corporate entity that resides in the corporate structure between the regulated subsidiary and the parent) without whose consent, bankruptcy cannot be declared for the subsidiary.

OCA St. 2 at 54. The OCA submits that Mr. Hill’s testimony and his accompanying research paper should provide the Commission with additional insights and information on this topic.

IV. CONCLUSION

The OCA submits that the terms and conditions of the proposed partial Settlement represent a fair and reasonable resolution of the issues and claims discussed herein. Accordingly, the Office of Consumer Advocate submits that the Settlement is in the public interest and should be approved.

Respectfully submitted,



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Dated: August 26, 2010
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CERTIFICATE OF SERVICE

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 v. : Docket No. R-2010-2161694
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 PPL Electric Utilities Corporation :
 Base Rate Proceeding :

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Statement in Support of Partial Settlement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 26th day of August 2010.

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